

Village of Sand Lake

Kent County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2008

Village of Sand Lake

Kent County, Michigan

Contents

March 31, 2008

Independent Auditor's Report	1
Management's Discussion and Analysis	3 - 8
BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12 - 13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	15
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Net Assets	19
Statement of Cash Flows	20
Fiduciary Funds	
Statement of Net Assets	21
Notes to Basic Financial Statements	25 - 36
Required Supplemental Information	
General Fund	
Balance Sheet	39
Budgetary Comparison Schedule	40 - 41
Major Street Fund	
Balance Sheet	42
Budgetary Comparison Schedule	43
Local Street Fund	
Balance Sheet	44
Budgetary Comparison Schedule	45
Street Bond Debt Service Fund	
Balance Sheet	46
Budgetary Comparison Schedule	47

Village of Sand Lake

Kent County, Michigan

Contents

March 31, 2008

Other Supplemental Information

Nonmajor Funds

Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
Fire Fighting Apparatus Fund	
Balance Sheet	52
Statement of Revenues, Expenditures and Changes in Fund Balances	53
Fire Vehicle Fund	
Balance Sheet	54
Statement of Revenues, Expenditures and Changes in Fund Balances	55
Police Cruiser Capital Project Fund	
Balance Sheet	56
Statement of Revenues, Expenditures and Changes in Fund Balances	57

Long-term Debt Schedules

\$525,000 Street Improvement Bonds, Series 2003 UTGO	60
\$180,000 Water Improvement Bonds, Series 2003 UTGO	61
\$33,415 Water Assessment	62

AUDITORS' REPORTS

Communication with Audit Committee or its Equivalent	65
Management Comments Letter	67 - 68

INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Sand Lake
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Village of Sand Lake as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Sand Lake management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Village of Sand Lake as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sand Lake basic financial statements. The combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Grand Rapids, Michigan
September 8, 2008

Village of Sand Lake

Kent County, Michigan

Management Discussion and Analysis

For the year ended March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's combined net assets increased 0.64% from a year ago, increasing from \$1,491,467 to \$1,501,020.

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$25,881 for the governmental activities. This represents an increase approximately 18%. The current level of unrestricted net assets for our governmental activities stands at \$(117,801), or about (20)% of expenses. This is within the targeted range set by the Village Council during its last budget process.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2007	2007
Current assets	\$ 287,152	\$ 277,733	\$ 231,012	\$ 273,678	\$ 518,164	\$ 551,411
Noncurrent assets	245,563	258,026	1,373,366	1,377,817	1,618,929	1,635,843
Total assets	532,715	535,759	1,604,378	1,651,495	2,137,093	2,187,254
Long-term debt outstanding	420,000	450,000	186,340	207,415	606,340	657,415
Other liabilities	5,359	3,152	24,374	35,221	29,733	38,373
Total liabilities	425,359	453,152	210,714	242,636	636,073	695,788
Net assets						
Invested in capital assets - net of debt	245,563	258,026	1,182,241	1,170,403	1,427,804	1,428,429
Restricted	191,017	206,720	-	-	191,017	206,720
Unrestricted	(329,224)	(382,139)	211,423	238,457	(117,801)	(143,682)
Total net assets	\$ 107,356	\$ 82,607	\$ 1,393,664	\$ 1,408,860	\$ 1,501,020	\$ 1,491,467

Village of Sand Lake

Kent County, Michigan

Management Discussion and Analysis

For the year ended March 31, 2008

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<u>Program revenues</u>						
Charges for services	\$ 76,335	\$ 76,111	\$ 125,627	\$ 79,733	\$ 201,962	\$ 155,844
Operating grants and contributions	58,606	62,109	-	-	58,606	62,109
<u>General revenue</u>						
Property tax	195,751	212,346	-	-	195,751	212,346
State shared revenue	51,673	51,752	-	-	51,673	51,752
Unrestricted investment income	6,230	8,753	13,323	21,951	19,553	30,704
Miscellaneous	62,746	39,136	14,765	16,287	77,511	55,423
Total revenues	451,341	450,207	153,715	117,971	605,056	568,178
<u>Program expenses</u>						
General government	164,425	241,829	-	-	164,425	241,829
Public safety	128,831	164,372	-	-	128,831	164,372
Public works	97,725	90,901	-	-	97,725	90,901
Sewer Fund	-	-	77,586	54,781	77,586	54,781
Water Fund	-	-	91,325	104,677	91,325	104,677
Depreciation	21,806	27,548	-	-	21,806	27,548
Interest on long-term debt	13,805	14,083	-	-	13,805	14,083
Total expenses	426,592	538,733	168,911	159,458	595,503	698,191
Change in net assets	\$ 24,749	\$ (88,526)	\$ (15,196)	\$ (41,487)	\$ 9,553	\$ (130,013)

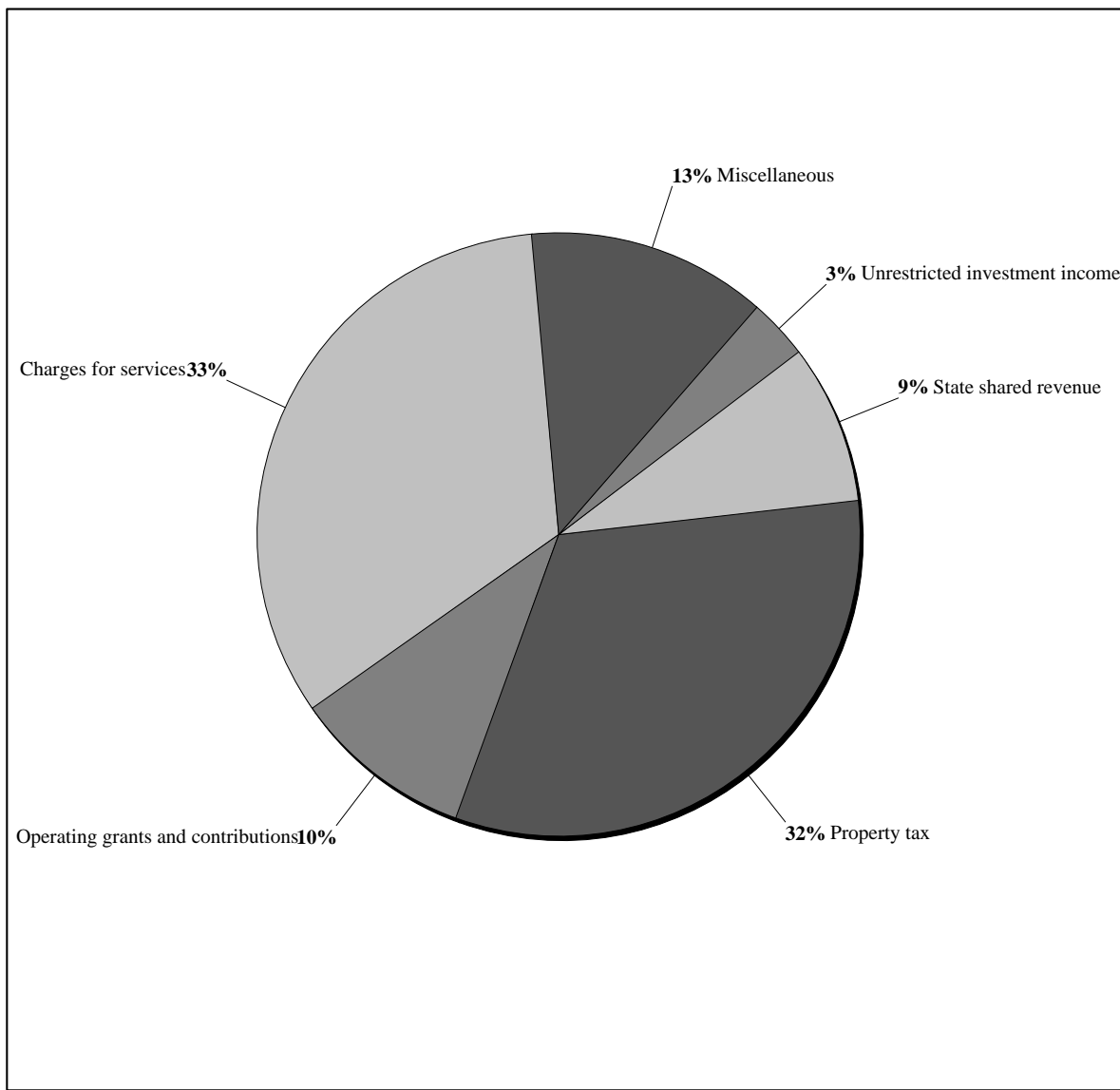
Village of Sand Lake

Kent County, Michigan

Management Discussion and Analysis

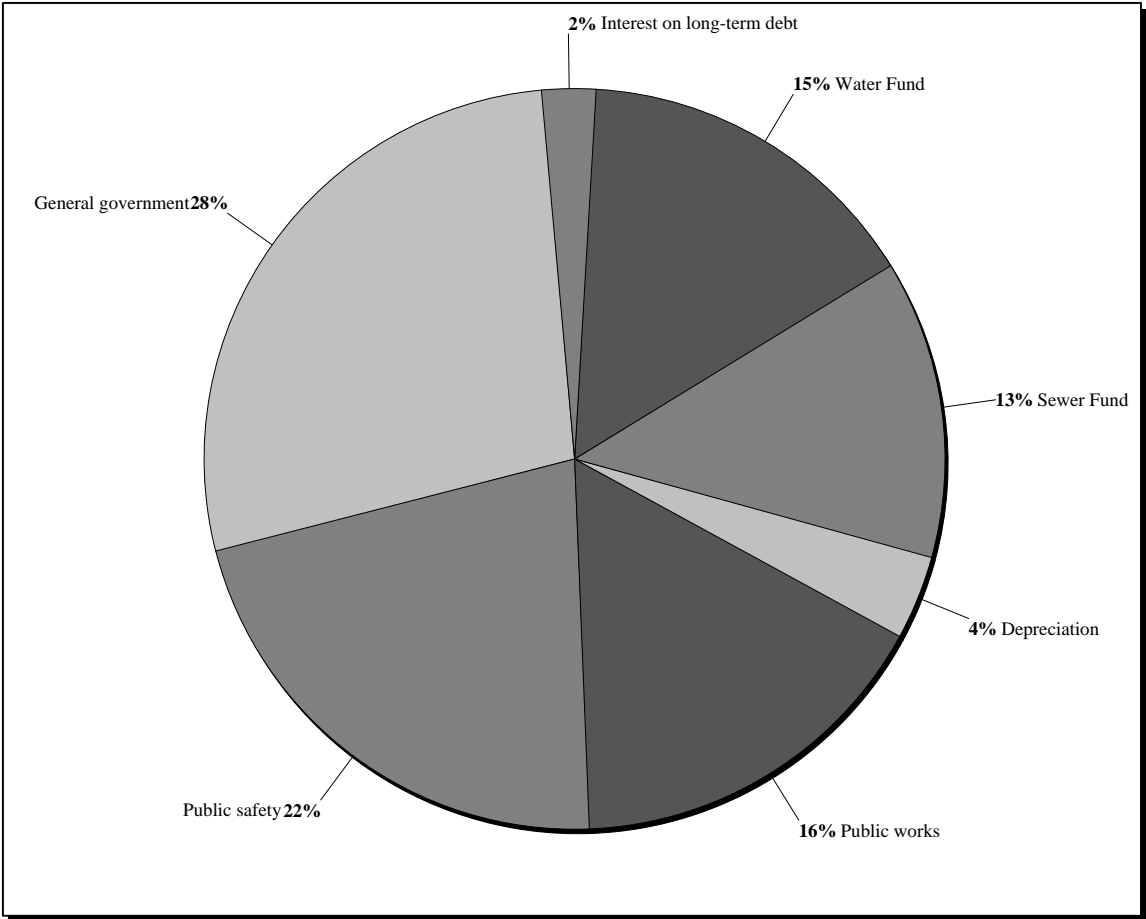
For the year ended March 31, 2008

The following chart illustrates the sources of the Village's revenue.



Village of Sand Lake
Kent County, Michigan
Management Discussion and Analysis
For the year ended March 31, 2008

The following chart illustrates the Village's expenses.



Village of Sand Lake

Kent County, Michigan

Management Discussion and Analysis

For the year ended March 31, 2008

The Village's Funds

Our presentation of the Village's major funds begins on page 14, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for 2008 were the General Fund, Major Street Fund, Local Street Fund and the Street Bond Debt Fund.

The General Fund Budget

Total expenditures of the General Fund increased from last year because of increased spending on building and grounds.

Capital Asset and Debt Administration

At the end of 2008, the Village had \$1,618,929, net of accumulated depreciation, invested in a broad range of capital assets, including buildings, police and fire equipment and water and sewer lines.

The following table shows the Village's capital assets compared to last year.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ 10,000	\$ 10,000	\$ 101,249	\$ 101,249	\$ 111,249	\$ 111,249
Buildings	130,345	135,707	-	-	130,345	135,707
Equipment	29,124	26,650	-	-	29,124	26,650
Vehicles	76,094	85,669	-	-	76,094	85,669
Infrastructure	-	-	1,272,117	1,276,568	1,272,117	1,276,568
Total net assets	\$ 245,563	\$ 258,026	\$ 1,373,366	\$ 1,377,817	\$ 1,618,929	\$ 1,635,843

Village of Sand Lake

Kent County, Michigan

Management Discussion and Analysis

For the year ended March 31, 2008

Economic Factors and Next Year's Budgets and Rates

The Village anticipates significant improvements will be made to the sewer system. The Village expects to incur long-term debt to finance these improvements.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village's Clerk at the Sand Lake Village Hall, 2 East Maple Street, Sand Lake, Michigan, 49343. The Village's phone number is (616) 636-8854.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Village of Sand Lake

Kent County, Michigan

Statement of Net Assets

For the year ended March 31, 2008

	Governmental activities	Business type activities	Total
ASSETS			
Cash and cash equivalents	\$ 254,792	\$ 181,793	\$ 436,585
Receivables (net)	23,089	53,209	76,298
Internal balances	3,990	(3,990)	-
Capital assets (net)	245,563	1,373,366	1,618,929
TOTAL ASSETS	\$ 527,434	\$ 1,604,378	\$ 2,131,812
LIABILITIES			
Accounts payable	\$ 4,796	\$ -	\$ 4,796
Accrued and other liabilities	563	-	563
Deferred revenue	-	24,374	24,374
Due within one year	30,000	10,700	40,700
Due in more than one year	390,000	175,640	565,640
TOTAL LIABILITIES	425,359	210,714	636,073
NET ASSETS			
Reserved for			
Streets and highways	78,419	-	78,419
Debt service	92,673	-	92,673
Capital projects	19,925	-	19,925
Invested in capital assets	245,563	1,182,241	1,427,804
Unreserved	(334,505)	211,423	(123,082)
TOTAL NET ASSETS	102,075	1,393,664	1,495,739
TOTAL LIABILITIES AND NET ASSETS	\$ 527,434	\$ 1,604,378	\$ 2,131,812

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Statement of Activities

For the year ended March 31, 2008

Functions/Programs	Expenses	Charges for services	Operating grants and contributions
<u>PRIMARY GOVERNMENT EXPENSES</u>			
General government	\$ 164,424	\$ -	\$ 3,620
Public safety	128,831	76,335	1,863
Public works	97,725	-	52,923
Community and economic development	-	-	200
Depreciation	21,806	-	-
Interest on long-term debt	13,805	-	-
Total Governmental activities	426,591	76,335	58,606
<u>BUSINESS TYPE EXPENSES</u>			
Sewer	44,833	77,411	-
Water	91,325	48,216	-
Total Business type activities	136,158	125,627	-
Total Primary government	562,749	201,962	58,606

General Revenues

Property taxes

State-shared revenue

Unrestricted investment income

Rent and contracts

Fines and forfeitures

Extraordinary item

Miscellaneous

Total general revenues - special items and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The Notes to the Financial Statements are an integral part of this statement.

Governmental activities	Business-type activities	Total
\$ (160,804)	\$ (160,804)	
(50,633)	(50,633)	
(44,802)	(44,802)	
200	200	
(21,806)	(21,806)	
(13,805)	(13,805)	
<u>(291,650)</u>	<u>(291,650)</u>	
	32,578	32,578
	<u>(43,109)</u>	<u>(43,109)</u>
	<u>(10,531)</u>	<u>(10,531)</u>
<u>(291,650)</u>	<u>(10,531)</u>	<u>(302,181)</u>
195,751	-	195,751
51,673	-	51,673
6,230	13,323	19,553
11,814	-	11,814
3,314	-	3,314
-	(32,753)	(32,753)
42,336	14,765	57,101
<u>311,118</u>	<u>(4,665)</u>	<u>306,453</u>
19,468	(15,196)	4,272
82,607	1,408,860	1,491,467
<u>\$ 102,075</u>	<u>\$ 1,393,664</u>	<u>\$ 1,495,739</u>

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Governmental Funds

Balance Sheet

March 31, 2008

	General Fund	Major Street Fund	Local Street Fund	Street Bond Debt Fund	Nonmajor Funds	Total
ASSETS						
Cash	\$ 71,796	\$ 72,083	\$ 1,486	\$ 89,503	\$ 19,925	\$ 254,793
Property taxes receivable	-	-	-	3,170	-	3,170
Due from other funds	7,951	-	-	-	-	7,951
Due from other units of government	11,387	6,682	1,849	-	-	19,918
TOTAL ASSETS	\$ 91,134	\$ 78,765	\$ 3,335	\$ 92,673	\$ 19,925	\$ 285,832
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 3,145	\$ 1,651	\$ -	\$ -	\$ -	\$ 4,796
Due to other funds	1,931	1,160	870	-	-	3,961
Payroll deductions payable	563	-	-	-	-	563
TOTAL LIABILITIES	5,639	2,811	870	-	-	9,320
FUND BALANCES						
Reserved for						
Debt service	-	-	-	92,673	-	92,673
Streets	-	75,954	2,465	-	-	78,419
Capital projects	-	-	-	-	19,925	19,925
Unreserved	85,495	-	-	-	-	85,495
TOTAL FUND BALANCES	85,495	75,954	2,465	92,673	19,925	276,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,134	\$ 78,765	\$ 3,335	\$ 92,673	\$ 19,925	\$ 285,832

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2008

Total fund balances - total governmental funds	\$	276,512
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	575,371
Accumulated depreciation	(329,808)
Net capital assets	245,563

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2008 were:

Bonds payable	(420,000)
Net assets of governmental activities	\$ 102,075

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2008

	General Fund	Major Street Fund	Local Street Fund	Street Bond Debt Fund	Nonmajor Funds	Total
REVENUE						
Property taxes	\$ 153,475	\$ -	\$ -	\$ 42,277	\$ -	\$ 195,752
State grants	51,673	41,318	11,605	-	-	104,596
Charges for services	80,155	-	-	-	-	80,155
Interest and rentals	13,974	3,601	469	-	-	18,044
Other revenue	43,491	-	-	-	2,466	45,957
TOTAL REVENUE	342,768	44,919	12,074	42,277	2,466	444,504
EXPENDITURES						
General government	163,438	-	-	-	-	163,438
Public safety	135,096	-	-	-	-	135,096
Public works	12,414	30,357	54,954	-	-	97,725
Other	4,065	-	-	-	-	4,065
Debt service	-	-	-	43,805	-	43,805
Capital projects	-	-	-	-	3,189	3,189
TOTAL EXPENDITURES	315,013	30,357	54,954	43,805	3,189	447,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	27,755	14,562	(42,880)	(1,528)	(723)	(2,814)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	20,659	-	10,123	30,782
Transfers out	(10,123)	(20,659)	-	-	-	(30,782)
Prior period Adjustment	-	-	-	4,743	-	4,743
TOTAL OTHER FINANCING SOURCES (USES)	(10,123)	(20,659)	20,659	4,743	10,123	4,743
NET CHANGE IN FUND BALANCES	17,632	(6,097)	(22,221)	3,215	9,400	1,929
FUND BALANCES, BEGINNING OF YEAR	67,863	82,051	24,686	89,458	10,525	274,583
FUND BALANCES, END OF YEAR	\$ 85,495	\$ 75,954	\$ 2,465	\$ 92,673	\$ 19,925	\$ 276,512

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2008

Net change in fund balances - total governmental funds	\$	1,929
Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		30,000
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(21,806)
Change in net assets of government activities	\$	19,466

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Proprietary Funds

Statement of Net Assets

March 31, 2008

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
ASSETS				
Current assets				
Cash	\$ 167,758	\$ 14,035	\$ 181,793	\$ 20,439
Accounts receivable	18,409	10,425	28,834	-
Special assessments receivable	640	23,734	24,374	-
Due from other funds	-	1,931	1,931	-
Total current assets	186,807	50,125	236,932	20,439
Noncurrent assets				
Capital assets	630,291	743,075	1,373,366	23,309
Total Noncurrent assets	630,291	743,075	1,373,366	23,309
TOTAL ASSETS	\$ 817,098	\$ 793,200	\$ 1,610,298	\$ 43,748
LIABILITIES AND NET ASSETS				
Current liabilities				
Due to other funds	\$ 2,180	\$ 3,740	\$ 5,920	\$ -
Deferred revenue	640	23,734	24,374	-
Total current liabilities	2,820	27,474	30,294	-
Long-term debt				
Bonds payable	-	167,000	167,000	-
Notes payable	-	19,340	19,340	-
Total noncurrent liabilities	-	186,340	186,340	-
TOTAL LIABILITIES	2,820	213,814	216,634	-
NET ASSETS				
Invested in capital assets - net of related debt	630,291	551,950	1,182,241	23,309
Undesignated	183,987	27,436	211,423	20,439
TOTAL NET ASSETS	814,278	579,386	1,393,664	43,748
TOTAL LIABILITIES AND NET ASSETS	\$ 817,098	\$ 793,200	\$ 1,610,298	\$ 43,748

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended March 31, 2008

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
<u>OPERATING REVENUE</u>				
Sales	\$ 77,411	\$ 48,216	\$ 125,627	\$ 15,438
<u>OPERATING EXPENSES</u>				
Personal services	8,949	15,547	24,496	-
Contractual services	2,469	17,735	20,204	-
Utilities	1,510	6,494	8,004	-
Repairs and maintenance	11,673	5,365	17,038	195
Other	6,431	3,013	9,444	-
Depreciation	13,801	35,173	48,974	4,350
Equipment	-	-	-	7,683
TOTAL OPERATING EXPENSES	44,833	83,327	128,160	12,228
OPERATING INCOME (LOSS)	32,578	(35,111)	(2,533)	3,210
<u>NONOPERATING REVENUE (EXPENSES)</u>				
Interest and dividends	8,757	5,023	13,780	739
Interest expense	-	(7,998)	(7,998)	-
Extraordinary item	(32,753)	-	(32,753)	-
Reimbursements	-	696	696	-
Other	-	13,612	13,612	300
TOTAL NONOPERATING REVENUES (EXPENSE)	(23,996)	11,333	(12,663)	1,039
CHANGE IN NET ASSETS	8,582	(23,778)	(15,196)	4,249
NET ASSETS, BEGINNING OF YEAR	805,696	603,164	1,408,860	39,499
NET ASSETS, END OF YEAR	\$ 814,278	\$ 579,386	\$ 1,393,664	\$ 43,748

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended March 31, 2008

	Sewer Fund		Water Fund		Total	Governmental activities - Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Receipts from customers	\$	77,262	\$	47,552	\$ 124,814	\$ 15,438
Payments to suppliers		(54,836)		(32,607)	(87,443)	(7,878)
Payments to employees		(8,949)		(15,547)	(24,496)	-
Collection of special assessments		511		-	511	-
Due from other funds		2,180		1,809	3,989	-
Net cash provided (used) by operating activities		16,168		1,207	17,375	7,560
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Purchase of capital assets		(8,700)		(35,823)	(44,523)	-
Principal and interest paid on capital debt		-		(29,073)	(29,073)	-
Other receipts (payments)		-		14,308	14,308	-
Net cash provided (used) by capital and related financing activities		(8,700)		(50,588)	(59,288)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Interest and dividends		8,757		5,023	13,780	739
Net increase (decrease) in cash and cash equivalents		16,225		(44,358)	(28,133)	8,299
Balances - beginning of year		151,533		58,393	209,926	12,140
Balances - end of year	\$	167,758	\$	14,035	\$ 181,793	\$ 20,439
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>						
Operating income (loss)	\$	32,578	\$	(35,111)	\$ (2,533)	\$ 3,210
Adjustments to reconcile Operating income to net cash						
Provided (used) by operating activities						
Depreciation expense		13,801		35,173	48,974	4,350
Change in net assets and liabilities				(664)	(664)	-
Receivables - net		-		(1,931)	(1,931)	-
Inventories		-		3,740	3,740	-
Accounts and other payables		(149)		-	(149)	-
Collection of amounts due from other funds		2,691		-	2,691	-
Extraordinary item		(32,753)		-	(32,753)	-
Net cash provided by operating activities	\$	16,168	\$	1,207	\$ 17,375	\$ 7,560

The Notes to the Financial Statements are an integral part of this statement.

Village of Sand Lake

Kent County, Michigan

Fiduciary Funds

Statement of Net Assets

For the year ended March 31, 2008

		Agency Fund Type
<u>ASSETS</u>		
Cash	\$	30,854
Due from other governmental units		-
Total Assets		30,854
<u>LIABILITIES</u>		
Fund equity - expendable		25,678
Fund equity - nonexpendable		5,176
Total Liabilities and Fund equity	\$	30,854

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Sand Lake conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Village of Sand Lake.

A. Reporting Entity

The Village of Sand Lake was incorporated under the provisions of Act 8, P.A. 1895 as amended as a General Law Village. The Village operates under a President-Council form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, public improvement, and general administration services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Village of Sand Lake's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Village of Sand Lake as of the preceding December 31st.

The Village of Sand Lake's 2007 ad valorem tax is levied and collectible on July 1, 2007, and is recognized as revenue in the year ended March 31, 2008, when the proceeds of the levy are budgeted for the financing of operations.

The 2007 taxable valuation of Village of Sand Lake totaled \$10,677,307 on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	14.6261 \$	156,167
Paving	4.2200 \$	45,058

These amounts are recognized in the General Fund financial statements as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major and Local Streets Funds account for State Act 51 money to construct, improve and maintain streets in the Village.

The Street Bond Debt Fund accounts for property taxes to repay long term debt incurred to pave streets in the Village.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	40 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All unused vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual governmental funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Village normally follows these procedures in establishing the budgetary data reflected in the financial statements:

The Village Administration submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1.

The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Village hall to obtain taxpayer comments.

The budget is legally adopted by ordinance before April 1.

All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Village Council throughout the operating year.

The Village adopts budgets for the General Fund and the Special Revenue Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Village Council.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the and Special Revenue funds.

The Village Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Village Council.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Village of Sand Lake to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The Village's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. At the year end, the Village had \$302,328 of bank deposits (money market, checking and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the Village's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Sewer Fund	Water Fund	Total
Accounts	\$ -	\$ -	\$ -	\$ 18,409	\$ 10,425	\$ 28,834
Special Assessments	-	-	-	640	23,734	24,374
Intergovernmental	11,387	6,682	1,849	-	-	19,918
Interfund	7,951	-	-	-	1,931	9,882
Net Receivables	\$ 19,338	\$ 6,682	\$ 1,849	\$ 19,049	\$ 36,090	\$ 83,008

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 24,374	\$ -

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance March 1, 2007	Additions	Disposals	Balance March 31, 2008
Assets not being depreciated	\$ 10,000	\$	\$	\$ 10,000
Capital assets being depreciated:				
Buildings	214,464			214,464
Equipment	52,500	9,343		61,843
Vehicles	289,064			289,064
Subtotal	556,028	9,343		565,371
Accumulated depreciation:				
Buildings	78,757	5,362		84,119
Equipment	25,850	6,869		32,719
Vehicles	203,395	9,575		212,970
Subtotal	308,002	21,806		329,808
Net capital assets being depreciated	248,026	(12,463)		235,563
Net capital assets	\$ 258,026	\$ (12,463)	\$	\$ 245,563

Business-Type Activities	Balance March 1, 2008	Additions	Disposals	Balance March 31, 2008
Assets not being depreciated	\$ 101,249	\$	\$	\$ 101,249
Capital assets being depreciated:				
System	2,193,680	44,523		2,238,203
Accumulated depreciation:				
System	917,112	48,974		966,086
Net capital assets being depreciated	1,276,568	(4,451)		1,272,117
Net capital assets	\$ 1,377,817	\$ (4,451)	\$	\$ 1,373,366

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

Unallocated	\$	21,806
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Business-Type activities:

Sewer	\$	13,801
Water		35,173
Total Business-Type activities	\$	48,974

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances as of March 31, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Major Streets Fund	\$ 1,160
General Fund	Local Streets Fund	870
General Fund	Sewer Fund	2,180
General Fund	Water Fund	3,740
Water Fund	General Fund	1,931
Total	\$	9,881

Interfund Transfers

Transfers In	Transfers Out			Total
	General Fund	Major Streets Fund		
Local Streets Fund	\$ -	\$ 20,659	\$	20,659
Fire Vehicle Fund	10,123	-		10,123
Total	\$ 10,123	\$ 20,659	\$	30,782

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 7 - LONG-TERM DEBT

Bond and contractual obligation activity can be summarized as follows:

	Balance March 1, 2007	Additions	Reductions	Balance March 31, 2008	Due within one year
Governmental activities					
General obligation bonds					
2003 Road Construction Bonds	\$ 450,000	\$ -	\$ 30,000	\$ 420,000	\$ 30,000
Business type activities					
2003 Water Improvement Bonds	174,000	-	7,000	167,000	7,000
1st Street Voluntary Assessment	33,415	-	14,075	19,340	3,700
Total Business type activities	207,415	-	21,075	186,340	10,700
Total Long-Term Debt	\$ 657,415	\$ -	\$ 51,075	\$ 606,340	\$ 40,700

Annual debt service requirements to maturity for the above obligation follows:

February 28	Principal	Interest	Total
2009	\$ 40,700	\$ 20,460	\$ 61,160
2010	40,700	19,364	60,064
2011	45,700	18,030	63,730
2012	45,700	16,623	62,323
2013	46,700	15,199	61,899
2014	48,840	13,686	62,526
2015	48,000	12,091	60,091
2016	48,000	10,410	58,410
2017	54,000	8,578	62,578
2018	54,000	6,595	60,595
2019	55,000	4,500	59,500
2020	10,000	3,182	13,182
2021	10,000	2,752	12,752
2022	11,000	2,300	13,300
2023	11,000	1,827	12,827
2024	12,000	1,332	13,332
2025	12,000	817	12,817
2026	13,000	280	13,280
Totals	\$ 606,340	\$ 158,026	\$ 764,366

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 8 - SEGMENT INFORMATION

The Village operates two funds which provide sewage and water services. Summary financial information for the sewer department is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund
Assets		
Current assets	\$ 186,807	\$ 50,125
Capital assets	630,291	743,075
Total Assets	817,098	793,200
Liabilities		
Current liabilities	640	23,734
Due to other funds	2,180	3,740
Noncurrent liabilities	-	186,340
Total Liabilities	2,820	213,814
Net Assets		
Invested in capital assets	630,291	551,950
Unrestricted	183,987	27,436
Total Net Assets	\$ 814,278	\$ 579,386

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund
Sewer Charges	\$ 77,411	\$ 48,216
Depreciation	(13,801)	(35,173)
Other operating expenses	(31,032)	(48,154)
Operating income	32,578	(35,111)
Nonoperating revenue (expense)		
Investment earnings	8,757	5,023
Interest expense	-	(7,998)
Other	(32,753)	14,308
Total nonoperating revenue and expenses	(23,996)	11,333
Changes in net assets	8,582	(23,778)
Beginning net assets	805,696	603,164
Ending net assets	\$ 814,278	\$ 579,386

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund
Net cash provided by (used in)		
Operating activities	\$ 16,168	\$ 1,207
Capital and related financing activities	(8,700)	(50,588)
Investing activities	8,757	5,023
Net increase (decrease) in cash	16,225	(44,358)
Beginning cash and cash equivalents	151,533	58,393
Ending cash and cash equivalents	\$ 167,758	\$ 14,035

Village of Sand Lake

Kent County, Michigan

Notes to Financial Statements

For the year ended March 31, 2008

NOTE 9 - RISK MANAGEMENT

Village of Sand Lake is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village of Sand Lake obtains commercial insurance coverage through the Michigan Municipal League for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Required Supplemental Information

Village Of Sand Lake

Kent County, Michigan

General Fund

Balance Sheet

March 31, 2008

	2008	2007
ASSETS		
Cash	\$ 71,796	\$ 49,538
Due from other units of government	11,387	19,825
Due from other funds	7,951	-
TOTAL ASSETS	\$ 91,134	\$ 69,363
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 3,145	\$ 1,500
Due to other funds	1,931	-
Payroll deductions payable	563	-
TOTAL LIABILITIES	5,639	1,500
FUND BALANCES		
Undesignated fund balance	85,495	67,863
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,134	\$ 69,363

Village Of Sand Lake

Kent County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUES					
Property Taxes					
Current real property taxes	\$ 152,200	\$ 152,200	\$ 151,328	\$ (872)	\$ 160,271
Property tax administration fee	1,600	1,600	2,147	547	2,173
Total Property Taxes	153,800	153,800	153,475	(325)	162,444
State Grants					
State revenue sharing	49,000	49,000	51,673	2,673	51,752
Charges for Services					
Fees	-	-	200	200	-
Services rendered	76,827	76,827	79,480	2,653	77,251
Sales	500	500	475	(25)	1,775
Total Charges for Services	77,327	77,327	80,155	2,828	79,026
Interest and Rentals					
Interest and dividends	2,200	2,200	2,160	(40)	4,056
Rent	16,800	16,800	11,814	(4,986)	4,865
Total Interest and Rentals	19,000	19,000	13,974	(5,026)	8,921
Other Revenue					
Contributions and donations	-	-	2,585	2,585	-
Reimbursements	9,000	9,000	30,507	21,507	15,487
Other	3,779	3,779	10,399	6,620	15,136
Total Other Revenue	12,779	12,779	43,491	30,712	30,623
TOTAL REVENUES	311,906	311,906	342,768	30,862	332,766

Village Of Sand Lake

Kent County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
<u>EXPENDITURES</u>					
General government					
Village Council	\$ 5,640	\$ 5,640	\$ 4,973	\$ 667	\$ 5,555
Administration	24,500	24,500	16,196	8,304	43,347
Clerk	32,816	32,816	38,365	(5,549)	28,462
Treasurer	8,950	8,950	9,634	(684)	10,746
Assessor	599	599	599	-	500
Elections	1,200	1,200	1,420	(220)	-
Buildings and grounds	80,000	80,000	81,944	(1,944)	122,167
Cemetery	8,700	8,700	10,307	(1,607)	10,195
Total General government	162,405	162,405	163,438	(1,033)	220,972
Public safety					
Police	52,355	54,755	52,087	2,668	41,721
Fire department	92,595	92,595	83,009	9,586	74,992
Total Public safety	144,950	147,350	135,096	12,254	116,713
Department of public works					
Street lighting	12,000	12,000	12,414	(414)	11,287
Total Department of public works	12,000	12,000	12,414	(414)	11,287
Other governmental functions					
Insurance	10,500	10,500	2,467	8,033	10,798
Social security	-	-	-	-	5,177
Unemployment insurance	-	-	1,598	(1,598)	4,883
Total Other governmental functions	10,500	10,500	4,065	6,435	20,858
TOTAL EXPENDITURES	329,855	332,255	315,013	17,242	369,830
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,949)	(20,349)	27,755	48,104	(37,064)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers out	-	-	(10,123)	(10,123)	(5,169)
NET CHANGE IN FUND BALANCES	(17,949)	(20,349)	17,632	37,981	(42,233)
Fund balance at beginning of year	67,863	67,863	67,863	-	110,096
Fund balance at end of year	\$ 49,914	\$ 47,514	\$ 85,495	\$ 37,981	\$ 67,863

Village of Sand Lake

Kent County, Michigan

Major Street Special Revenue Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 72,083	\$ 80,013
Due from other units of government	6,682	3,690
TOTAL ASSETS	\$ 78,765	\$ 83,703
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable	\$ 1,651	\$ 1,652
Due to other funds	1,160	-
TOTAL LIABILITIES	2,811	1,652
FUND BALANCES		
Reserved for streets	75,954	82,051
TOTAL LIABILITIES AND FUND BALANCES	\$ 78,765	\$ 83,703

Village of Sand Lake

Kent County, Michigan

Major Street Special Revenue Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUE					
Michigan transportation fund	\$ 30,000	\$ 30,000	\$ 41,318	\$ (11,318)	\$ 44,567
Interest and dividends	1,500	1,500	3,601	(2,101)	4,304
Other	5,395	5,395	-	5,395	-
TOTAL REVENUE	36,895	36,895	44,919	(8,024)	48,871
EXPENDITURES					
Street preservation	12,395	12,395	20,575	(8,180)	25,074
Traffic services	200	200	432	(232)	80
Winter maintenance	14,700	14,700	8,435	6,265	3,744
Administration and engineering	1,600	1,600	915	685	1,875
TOTAL EXPENDITURES	28,895	28,895	30,357	(1,462)	30,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	8,000	8,000	14,562	(6,562)	18,098
OTHER FINANCING SOURCES (USES)					
Transfers out	(8,000)	(8,000)	(20,659)	(12,659)	(8,000)
NET CHANGE IN FUND BALANCES	-	-	(6,097)	(19,221)	10,098
Fund balance	82,051	82,051	82,051	-	71,953
Fund balance at end of year	\$ 82,051	\$ 82,051	\$ 75,954	\$ (19,221)	\$ 82,051

Village of Sand Lake

Kent County, Michigan

Local Street Special Revenue Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 1,486	\$ 23,665
Due from other units of government	1,849	1,021
TOTAL ASSETS	\$ 3,335	\$ 24,686
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Due to other funds	\$ 870	\$ -
TOTAL LIABILITIES	870	-
<u>FUND BALANCES</u>		
Reserved for streets	2,465	24,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,335	\$ 24,686

Village of Sand Lake

Kent County, Michigan

Local Street Special Revenue Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUE					
Michigan transportation fund	\$ 7,800	\$ 7,800	\$ 11,605	\$ (3,805)	\$ 12,729
Interest and dividends	150	150	469	(319)	392
Other	(444)	(444)	-	(444)	98
TOTAL REVENUE	7,506	7,506	12,074	(4,568)	13,219
EXPENDITURES					
Street construction	2,000	2,000	37,237	(35,237)	33,788
Street preservation	4,106	4,106	12,415	(8,309)	12,176
Traffic services	250	250	239	11	22
Winter maintenance	8,750	8,750	4,743	4,007	2,456
Administration and engineering	400	400	320	80	400
TOTAL EXPENDITURES	15,506	15,506	54,954	(39,448)	48,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,000)	(8,000)	(42,880)	34,880	(35,623)
OTHER FINANCING SOURCES (USES)					
Transfers in	8,000	8,000	20,659	(12,659)	8,000
NET CHANGE IN FUND BALANCES	-	-	(22,221)	22,221	(27,623)
Fund balance at beginning of year	24,686	24,686	24,686	-	52,309
Fund balance at end of year	\$ 24,686	\$ 24,686	\$ 2,465	\$ 22,221	\$ 24,686

Village of Sand Lake

Kent County, Michigan

Street Bond Debt Service Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 89,503	\$ 83,243
Taxes receivable	3,170	6,215
TOTAL ASSETS	\$ 92,673	\$ 89,458
<u>LIABILITIES AND FUND BALANCES</u>		
FUND BALANCES		
Fund balance	\$ 92,673	\$ 89,458

Village of Sand Lake

Kent County, Michigan

Street Bond Debt Service Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUE					
Current real property taxes	\$ 45,000	\$ 45,000	\$ 42,277	\$ (2,723)	\$ 49,906
TOTAL REVENUE	45,000	45,000	42,277	(2,723)	49,906
EXPENDITURES					
Principal	37,041	37,041	30,000	7,041	30,000
Interest	13,805	13,805	13,805	-	14,083
TOTAL EXPENDITURES	50,846	50,846	43,805	7,041	44,083
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,846)	(5,846)	(1,528)	(9,764)	5,823
OTHER FINANCING SOURCES (USES)					
Prior period adjustment	-	-	4,743	4,743	-
NET CHANGE IN FUND BALANCES	(5,846)	(5,846)	3,215	(5,021)	5,823
Fund balance beginning of year	89,458	89,458	89,458	-	83,635
Fund balance end of year	\$ 83,612	\$ 83,612	\$ 92,673	\$ (5,021)	\$ 89,458

Other Supplemental Information

Village of Sand Lake

Kent County, Michigan

Nonmajor Funds

Combining Balance Sheet

March 31, 2008

	Fire Fighting Apparatus Fund		Fire Vehicle Fund		Police Cruiser fund		Total
<u>ASSETS</u>							
Cash	\$	6,213	\$	11,965	\$	1,747	\$ 19,925
<u>LIABILITIES AND FUND BALANCES</u>							
FUND BALANCES							
Reserved for							
Capital projects	\$	6,213	\$	11,965	\$	1,747	\$ 19,925

Village of Sand Lake

Kent County, Michigan

Nonmajor Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2008

	Fire Fighting Apparatus Fund	Fire Vehicle Fund	Police Cruiser fund	Total
REVENUE				
Other	\$ 2,466	\$ -	\$ -	\$ 2,466
EXPENDITURES				
Capital projects	3,189	-	-	3,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(723)	-	-	(723)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,123	-	10,123
NET CHANGE IN FUND BALANCES	(723)	10,123	-	9,400
FUND BALANCES, BEGINNING OF YEAR	6,936	1,842	1,747	10,525
FUND BALANCES, END OF YEAR	\$ 6,213	\$ 11,965	\$ 1,747	\$ 19,925

Village of Sand Lake

Kent County, Michigan

Fire Fighting Apparatus Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 6,213	\$ 6,936
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$ 6,213	\$ 6,936

Village of Sand Lake

Kent County, Michigan

Fire Fighting Apparatus Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2008

	2008	2007
REVENUE		
Contributions and donations	\$ 2,466	\$ 1,818
EXPENDITURES		
Other	3,189	984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(723)	834
NET CHANGE IN FUND BALANCES	(723)	834
Fund balance beginning of year	6,936	6,102
Fund balance end of year	\$ 6,213	\$ 6,936

Village of Sand Lake

Kent County, Michigan

Fire Vehicle Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 11,965	\$ 1,842
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$ 11,965	\$ 1,842

Village of Sand Lake

Kent County, Michigan

Fire Vehicle Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2008

	2008	2007
<u>REVENUE</u>		
Other	\$ -	\$ 3,550
<u>EXPENDITURES</u>		
Repairs and maintenance	-	10,792
Other	-	36,868
<u>TOTAL EXPENDITURES</u>	-	47,660
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	-	(44,110)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	10,123	5,169
NET CHANGE IN FUND BALANCES	10,123	(38,941)
<u>Fund balance beginning of year</u>	1,842	40,783
<u>Fund balance end of year</u>	\$ 11,965	\$ 1,842

Village of Sand Lake

Kent County, Michigan

Police Cruiser Capital Project Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 1,747	\$ 1,747
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$ 1,747	\$ 1,747

Village of Sand Lake

Kent County, Michigan

Police Cruiser Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2008

	2008	2007
REVENUE		
Other	\$ -	\$ 1,065
NET CHANGE IN FUND BALANCES	-	1,065
Fund balance beginning of year	1,747	682
Fund balance end of year	\$ 1,747	\$ 1,747

Long-term Debt Schedules

Village of Sand Lake

Village of Sand Lake

Schedule of Bonded Debt

\$525,000 Street Improvement Bonds, Series 2003 UTGO

March 31, 2008

Year ended	Interest Rate	June 1 Principal	June 1 Interest	December 1 Interest	Total
2009	1.850%	\$ 30,000	\$ 6,764	\$ 6,486	\$ 43,250
2010	2.950%	30,000	6,486	6,044	42,530
2011	2.950%	35,000	6,044	5,528	46,572
2012	2.950%	35,000	5,528	5,011	45,539
2013	2.950%	35,000	5,011	4,495	44,506
2014	2.950%	40,000	4,495	3,905	48,400
2015	3.550%	40,000	3,905	3,195	47,100
2016	3.550%	40,000	3,195	2,485	45,680
2017	3.550%	45,000	2,485	1,686	49,171
2018	3.550%	45,000	1,686	888	47,574
2019	3.550%	45,000	888	-	45,888
Totals	\$	\$ 420,000	\$ 46,487	\$ 39,723	\$ 506,210

Village of Sand Lake

Village of Sand Lake

Schedule of Bonded Debt

\$180,000 Water Improvement Bonds, Series 2003 UTGO

March 31, 2008

Year ended February 28,	Interest Rate	September 1 Principal	September 1 Interest	March 1 Interest	Total
2009	3.250%	\$ 7,000	\$ 3,276	\$ 3,162	\$ 13,438
2010	3.250%	7,000	3,162	3,048	13,210
2011	3.250%	7,000	3,048	2,934	12,982
2012	3.250%	7,000	2,934	2,821	12,755
2013	3.250%	8,000	2,821	2,691	13,512
2014	3.250%	8,000	2,691	2,561	13,252
2015	3.250%	8,000	2,561	2,430	12,991
2016	3.250%	8,000	2,430	2,300	12,730
2017	4.300%	9,000	2,300	2,107	13,407
2018	4.300%	9,000	2,107	1,914	13,021
2019	4.300%	10,000	1,914	1,698	13,612
2020	4.300%	10,000	1,698	1,484	13,182
2021	4.300%	10,000	1,484	1,268	12,752
2022	4.300%	11,000	1,268	1,032	13,300
2023	4.300%	11,000	1,032	795	12,827
2024	4.300%	12,000	795	537	13,332
2025	4.300%	12,000	537	280	12,817
2026	4.300%	13,000	280	-	13,280
Totals		\$ 167,000	\$ 36,338	\$ 33,062	\$ 236,400

Village of Sand Lake

Village of Sand Lake

Schedule of Debt

\$33,415 Water Assessment

March 31, 2008

Year ended February 28,	Interest Rate	August 1 Principal	August 1 Interest	Total
2009	3.990%	\$ 3,700	\$ 772	\$ 4,472
2010	3.990%	3,700	624	4,324
2011	3.990%	3,700	476	4,176
2012	3.990%	3,700	329	4,029
2013	3.990%	3,700	181	3,881
2014	3.990%	840	34	874
Totals		\$ 19,340	\$ 2,416	\$ 21,756

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Village Council
Village of Sand Lake
Kent County, Michigan

We have audited the general purpose financial statements of Village of Sand Lake, Kent County, Michigan for the year ended March 31, 2008, and have issued our report thereon dated September 8, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 13, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

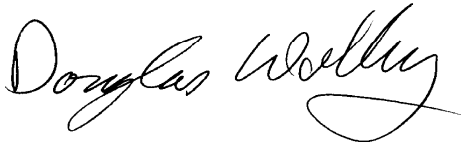
As part of our audit, we considered the internal control of Village of Sand Lake. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Sand Lake's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Village of Sand Lake are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008. We noted no transactions entered into by Village of Sand Lake during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Village Village Council and management of Village of Sand Lake and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
September 8, 2008

MANAGEMENT COMMENTS LETTER

To the Village Council
Village of Sand Lake
Kent County, Michigan

In planning and performing our audit of the financial statements of Village of Sand Lake for the year ended March 31, 2008 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 8, 2008 on the financial statements of Village of Sand Lake.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Village personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations



Douglas Wohlberg, CPA
Grand Rapids, Michigan
September 8, 2008

MANAGEMENT COMMENTS LETTER

To the Village Council
Village of Sand Lake
Kent County, Michigan

Page 2

Current year comments and suggestions

1. Payroll Liabilities. Village payroll is paid from its various funds. When the software posts these transactions payroll related liabilities are recorded in each fund. When paying payroll liabilities, the Village's staff has been posting the transactions to only the General Fund. We recommend the Village's staff change its procedures to ensure that payroll liabilities are relieved from all funds.
2. Recording Receipt of Special Assessments. Some customers of the Sewer and Water utilities pay hookup fees over time through special assessments. Several of these receipts were not recorded correctly. We recommend the Village's staff review the procedures used to record special assessment payments and ensure that these payments are identified and recorded correctly.
3. Fire Fund Transfers. We noted instances where transfers from one fund to another were recorded as expenditures. We recommend the Village's staff analyze all interfund transactions and record them in the correct accounts.
4. Debt Payments. We noted instances where payments on long-term debt payments were incorrectly recorded. We recommend the Village's staff analyze all debt transactions and record them in the correct accounts.
5. Extraordinary Items. We reclassified various expenditures resulting from the failure of the sewer lagoon as an extraordinary item. We recommend the Village's staff analyze capital outlay transactions and record them in the correct accounts.
6. Major and Local Street Funds transfers. State of Michigan Act 51 allows transfers from the Major Street Fund to the Local Street Fund limited to fifty percent of the Major Street Fund state revenue. During the year, the Village transferred money from the Major Streets Fund to the Local Streets Fund in excess of this limit. We recommend the Village's staff review the requirements of Act 51.
7. Reconciling Balance Sheet Accounts. Various balance sheet accounts remained unadjusted at year end. It is important that the balance sheet accounts be correct as misstatements in them become misstatements in the revenue and expenditure accounts and affect operating results. We recommend that the Village's staff reconcile all accounts payable, accounts receivable and other balance sheet accounts in all funds each month.

Prior year comments and suggestions

1. The Clerk did not reconcile the cash accounts to the bank statements in a timely manner each month. The Clerk should do this and reconcile all of the cash accounts with the Treasurer each month.

Resolution: For the year ended March 31, 2008, the cash accounts were reconciled in a timely manner.